

## **Dissolving a Principal Campaign Committee before August 1, 2002**

This information brief answers frequently asked questions about the law on dissolving a principal campaign committee under [Minnesota Statutes, chapter 10A](#), and [Minnesota Rules 4503.0300](#) until July 31, 2002. For the law that applies beginning August 1, 2002, see “Dissolving a Principal Campaign Committee on or after August 1, 2002.”

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### **What does “dissolving a principal campaign committee” mean?**

A candidate for legislative or constitutional office (governor and lieutenant governor, attorney general, secretary of state, or state auditor) must register a principal campaign committee with the State Campaign Finance and Public Disclosure Board (board) if he or she (1) accepts over \$100 in contributions from any source other than his or her own funds or (2) accepts public funding for his or her campaign.

Dissolving a principal campaign committee means ending its operations so that it no longer exists. Dissolution consists of paying all debts, selling all assets, disposing of any remaining account balances in excess of \$100 and filing a termination report with the board. The termination report must include all information required in periodic reports and must cover the period between the last report and the termination date.

## **What actions are required when a campaign committee dissolves?**

A principal campaign committee must pay its debts when dissolving. If there are insufficient assets to pay all debts, the board may set up a payment schedule and defer dissolution until debts are paid. The campaign finance law does not extinguish committee debts. Debtor and creditor rights would be covered by contract law or other applicable law.

A principal campaign committee must sell its assets, deposit the proceeds in the committee's account, and dispose of the proceeds in one of the ways listed as permissible here or in [Minnesota Statutes, section 211B.12](#). Assets include credit balances with vendors and property such as computers and postage stamps. Assets must be reported at their fair market value.

## **What actions are prohibited when a campaign committee dissolves?**

Campaign funds and assets of a principal campaign committee may not be converted to a candidate's personal use at any time, including when the committee is dissolving. A candidate may buy committee assets but must pay fair market price.

Principal campaign committees of candidates for legislative or statewide office may not contribute funds to local or federal candidates at any time, including when the committee is dissolving.

## **What actions are permitted when a campaign committee dissolves?**

When debts have been paid and assets have been sold with the proceeds deposited in the principal campaign committee's account, the remaining funds may be used in the following ways:

- Up to \$50 may be given to any charity<sup>1</sup> in one year
- An unlimited amount may be given to ballot question campaigns or political committees, political funds, and party units registered with the board<sup>1</sup>
- An unlimited amount may be given to the general account of the state election campaign fund or to any political party unit<sup>1</sup>
- An unlimited amount may be transferred from a dissolving principal campaign committee to another principal campaign committee

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<sup>1</sup> This is a permitted use of funds even when a committee is not dissolving.

## **What are the restrictions on contributions to candidates when a campaign committee dissolves?**

A principal campaign committee making a contribution to a candidate for a legislative or statewide office must dissolve upon filing the report that is due after the contribution is made.

It would be helpful to inform the receiving candidate that the principal campaign committee is dissolving, so the recipient knows the contribution is lawful.

A contribution from a dissolving principal campaign committee counts against the recipient's "20 percent PAC and large giver" limit. It would be helpful to remind the recipient of that fact when offering the contribution.

**Note:** [Minnesota Statutes, chapters 10A and 211B](#), do not prohibit contributions to judicial candidates from the principal campaign committees of legislative or statewide office candidates when the contributing committee is dissolving. However, judicial candidates may want to consult with the Board on Judicial Standards regarding acceptance of such funds.

## **When may or must a campaign committee be dissolved?**

A principal campaign committee may be dissolved whenever the candidate so desires, except as otherwise noted here.

If a committee has debts incurred more than six years ago, has disposed of all assets, and has filed a statement of inactivity, it may choose to notify remaining creditors by certified mail and file a termination report.

Another form of optional termination is for the candidate to terminate one campaign committee by transferring the committee's debts to the candidate's principal campaign committee for another state office. The other committee must assume and continuously report the transferred debt until it is paid or forgiven. A loan that is forgiven is treated as a contribution to the committee that transferred the debt.

A committee must be dissolved within 60 days after receiving notice from the board that the committee is inactive. A principal campaign becomes inactive on the later of the following dates:

- Six years after the last election at which the candidate was a candidate for the office sought or held when the committee registered with the board; or
- Six years after the last day on which an individual held an elective office that is subject to [Minnesota Statutes, chapter 10A](#).